Managing the stakeholder expectations management essay

In modern world stakeholders are playing a very important role in the aspect of organisation, project or company. First of all we need to define who is a stakeholder? Stakeholder is a person, group or organisation that has direct or indirect stake in an organisation because it can affect or be affected by the organisation's action, objectives and policies.

Key stakeholders in a business organisations include creditors, customers, directors, employees, government (and its agencies) owners, (stakeholders), suppliers, unions and the community from which the business draws its resources. I have used Tesco as a case study. It's a british supermarket chain which retails food, colothing, toys and general merchandise.

Would you please write a bit about tesco

Be able to understand and identify organisational stakeholders

The difference between an organisational customer and an organisational stakeholder.

Costumer is a person who has acquired or is considering the acquisition of one of our products. Anyone who is involve in making a decision form the financial decision maker to decision influencer to the end user (and often they are one in the same) Judith W. Kincaid 2003.

Customers play the most significant part in business. In fact the customer is the actual boss in a deal. Customer is the one who uses the products and services and judges the quality of the products and services. Hence it's important for an organisation to retain customers or make new customers and flourish business. To manage customers, organisation should follow some sort of approaches like segmentation or division of customers into groups because each customer has to be considered valuable and profitable. An organisation should always focus on loyal customers and should expand the product range to leverage impulsive customers. for other types of customers strategies should be renovated and enhanced for turning out these customers to satisfy their needs and modify these types of customers to let them fall under loyal and impulsive category.

Stakeholder

This can be defined as any individual or organisation that is affected by the effected by the activities of a business. They may have a direct or indirect interest in the business and maybe in contact with the business on a daily basis, or may just occasionally. Jonathan Boutelle (2004) defined organisational stakeholders as an organisation or individual who stands to gain or lose from the success or failure of a system.

The stakeholders in Shoprite supermarket include suppliers, creditors, customers, stakeholders and employees. Their stakeholders own part of the organisation through share so they own a stake in the supermarket.

The customer may also be stakeholder though majority of them are not because without the customers the business cannot exist so that makes them at least fifty percent stakeholders.

Primary and secondary organisational stakeholders

Primary stakeholders

Primary stakeholders are those who have a direct and often economic stake in an organisation, usually in the form of a transaction of resources, finances or services. Figure 1. 1 illustrates the range of different stakeholders groups that constitute primary stakeholders. These are usually the most obvious groups and those with whom an organisation has the most contact.

Secondary stakeholders

Are those without whose continuing participation the company can still exist. e. g.

Community

Organisation deploys some sort of goodwill in community which they operate.

Government

Especially the inland revenue and the customs and excise who will be collection tax from them

Trade union

Who will represent the interests the workers.

Suppliers

May refer to manufacturer uses tools and labour to make things for sale

I will make this one later on

Organisational crisis situations involved many different stakeholders and it may not always be clear which the key ones are. Any organisation crisis response must take into consideration the diversity oif stakeholder in involvement and need if management efforts are to be effective. Mitchell and colleagues (1997) suggest that stakeholder salience results from the interplay between the relative power of a stakeholder, perceptions of its legitimacy regarding an issue and the urgency in terms of criticality and time sensitivity an issue posed for it. This results a variety of potential stances for stakeholders before and during a crisis. The value of considering these three influences is that it provides a means by which the shifting salience of stakeholders may be identified and potentially predicted. It encourages us to identify the latent power or legitimacy and may be used alongside scenario planning.

Be able to understand primary and secondary stakeholders expectations.

The difference between the expectations of primary and secondary organisational stakeholders.

Expectations of primary stakeholders

Stakeholders are the individuals and groups who can affect and are affected by the strategic outcomes achieved and who have enforceable claims on a company’s performance.

The stakeholders concept reflects that individuals and groups have a stake in the strategic outcomes of the company because they can be either positively or negatively affected by those outcomes and because achieving the strategic outcomes may be dependent upon the support of active participation of certain stakeholder groups.

Stakeholders; groups who are affected by a firm’s performance and who have claims on its wealth. The frim must maintain performance at an adequate level in order to maintain the participation of key stakeholders.

Figure 1. 4

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Figure above provides a definition of a stakeholder and illustrates the three general classifications and members of each primary stakeholder group;

Capital market stakeholder

Product market stakeholder

Organisational stakeholder

Secondary market stakeholder

When we review the primary expectations or demands of each stakeholder group, it becomes obvious that a potential for conflict exists. For instance , stakeholders generally invest for wealth-maximisation purposes and are therefore interested in a company’s maximising its ROI (return on investment).

However, if a company increases its ROI by making short-term decisions, the company can negatively affect employee or customer stakeholders. If the company is strategically competitive and earns above average returns, it can afford to simultaneously satisfy all stakeholders. When earning average of below average returns, trade offs must be made.

At the level of average returns companies must minimally satisfy all stakeholders. When returns are below average, some stakeholders can be minimally satisfied while others may be dissatisfied.

Table 1. 1 expectation of primary stakeholders groups.

For example reducing the level of research and development expenditures (to increase short-term profits) enables the company to pay out the additional short-term profits to shareholders as dividends. However, if reducing R&D expenditure results in a decline in the long-term strategic competitiveness of the company's products of services, it is possible that employees will not enjoy a secure of rewarding career environment (this also violates a primary union expectation or demand for job security for its membership).

At the same time customers may be offered products that are less reliable at unattractive prices, relative to those offered by companies that did not reduce R&D expenditures. This would lead to lower profitability and even lower returns for the shareholders.

Thus the stakeholder management process may involve a series of trade-offs that is dependent on the extent to which the company is dependent on the support of each affected stakeholder and the company's ability to earn above-average returns. While it seems simplistic, performing their role effectively requires strategists to work hard, perform through analyses of available information, be brutally honest, exercise common sense, think clearly and ask questions and listen. Additionally the proliferation of e-commerce requires strategists to emphasise speed and flexibility key sources of competitive advantage.

Strategists face ambiguous decision situation, but also have opportunities to dream and act in concert with a compelling strategic intent that motivates others in creating competitive advantage.

Expectations of secondary stakeholders

Beyond these primary stakeholders there are other secondary stakeholders as well and include entities like the community at large, environmental groups, government etc. each type of stakeholders has different expectation and demand. This leads to potential conflicts between these stakeholders leading to friction.

Table 1. 2 expectation of primary stakeholders groups

Discuss monitoring systems for analysing the achievement of primary and secondary organisational stakeholders expectations

This is an important technique to stakeholder identification and analysing their needs. It is used to identify all key (primary and secondary) stakeholders who have a vested interest in the issues with which the project is concerned. The aim of stakeholder analysis process is to develop a strategic view of the human and institutional landscape and the relationships between the different stakeholders and the issues they care about most.

There should be monitoring systems that help in analysing the achievement of primary and secondary organisational stakeholders’ expectations.

For shoprite supermarkets an organisation I have worked for have a monitoring stakeholder analysis that assists in meeting their stakeholders expectations as follows.

High influence , High interest

Some stakeholders are influential and very important in the organisation without them the supermarket will not perform well in ap ropject and they are very interested in the supermarktet project. For example customers, directors, owners, public and non-public shareholders.

High influence, low interest

There are the stakeholders that do not pay attention to the organisation’s project because the project does not affect them in any way. However they do have influence on whether if the project will be a success or not and they also have a vote during the process of a project. For example the media, community at large, suppliers and the government.

Low influence, High interest

They are the stakeholders that are good to meet with and each interaction with them is at low risk because they are always interested in what the organisation at large does but can not help them in any way but can provide useful information in running a certain project and making it a success. For example the employee, trade union and managers.

Low influence, low interest

These are the organisation stakeholders that neither important nor influential in part of any project. For example taxation.

Low

Be able to understand methods for developing offerings to primary and secondary organisational stakeholders

Identify opportunities for analysing offerings to primary and secondary organisational stakeholders

For the organisation to analyse offers to the stakeholders, it has to have a strategic evaluation that will help them meet their stakeholders expectations. The guiding offerings of the shoprite group of companies is to be their stakeholders preferred shpping destination by ratailing food and non-food products at the lowest prices from conveniently located outlets in an environment that is conducive to a comfortable and enjoyable shpping experience. There first strategic evaluation is;

Suitability

Before branding new products or trying introducing a new project in the organisation, they first analyse if the new project will be suitable especially to their stakeholders.

Feasibility

There is got to do with resources for the project and if the resources are available and can be obtained. The organisations resources include funding that can be gotten from private owned or government organisations like the banks. Time in which the project will take to be planned and implemented as well as knowing the right time to introduce a new project and all the information needed which counts a lot from the stakeholders like customers who purchase from the organisation every day.

Acceptability

Acceptability include ROI, risk and stakeholders reactions.;

ROI (return of investment)

Acceptability is concerned with the expectations of the stakeholders with the expected performance outcomes. (shareholders, employees and customers)

For example ; shareholders would expect the increase of their wealth, employees expect the improvement in their careers and customers would expect better value for money

Risk

Risk deals with probability and consequences of failure of a strategy

Stakeholders reactions

Stakeholder reaction deals with anticipating the likely reaction of stakeholder.

Shareholders could oppose the issuing of new shares, employees and unions could oppose the outsourcing for fear of losing their jobs, customers could have concerns over a merger with regards to quality and support. Asserts that an organisation's ultimate goal of maintaining a loyal customer base transcends the obvious primary relationship of the organisation and its customers. The customer's estimation of the value of the product/service is influenced by the inter-relationships (secondary relationships) as it is these relationships that ultimately denote the value (core competence) of the product/ service package. Identifies the firm's secondary resource network and highlights the need for the marketing and management of various alliances for the firm's long-term prosperity, growth and leadership.

Stakeholder analysis is an important technique for stakeholder identification and analysing their needs. It is used to identify all key (primary and secondary) stakeholders who have a vested interest in the issues with which the project is concerned. The aim of stakeholder analysis process is to develop a strategic view of the human and institutional landscape and the relationships between the different stakeholders and the issues they care about most.

A stakeholder analysis can help a project to identify;

The interests of all stakeholders, who may affect or be affected by the project.

Potential issues that could disrupt the project

Key people for information distribution during executing phase

Groups that should be encouraged to participate in different stages of the project.

Communication planning and stakeholder management strategy during project planning phase.

Ways to reduce potential negative impact and manage negative stakeholders.

One of the methods use in analysing offers is triple task method. Triple task or TT is a unique form of participatory action research and stakeholder analysis in the sense that not only does it attempt to arrive at answers to research questions but also tries to understand what factors may have been at play in arriving at those anwers.

This attribute makes TT an dvance on many other participatory techniques which are more focussed on delivering outputs (representing an apparent consensus) and less concerned (if at all) on the dynamic behind that consensus and how the process may have influenced what was produced.

Develop an offering for a primary or secondary organisational stakeholder that would impact on stakeholder expectations

Would you write something in here.

Customer

For the Christmas season Tesco offer lots of promotions targeting the customers.

For example if customer spends £40 in their shopping they would get the £40 wreath gift vouchers. Tesco also give some goods by one get one free offers as well. From this kind of offers and customers service they try to influence them. They always try to give good products for reasonable price to make the customers happy.

Employees

Tesco employees are valuable stakeholders in the organsaioin. They provide training, promotion and other benefits like holiday package, bourns, increment etc. Tesco give good salary for their employees and there is a promotion system called stepping stone. They always look after their emplyees and make a good envirment in tesco give gift cards for every employee to thank them what they done trough out the year. They motivate every employee from top to middle and even lower.

Community;

Good relationships with the local communities in which tesco operation are essential to the sustainable growth of the business. Tesco engage with the community on route development and changes the local authority, relationships with local business, customer forums and consultation. They also work actively with local community groups and charities to enhance local community programmes.

Media

By the media tesco get lot of influence. They uses the medal to sell out their products and also inform the customers of their promotions to them. For example they do adverts for price cut down, by one get one free etc.

Government

Government is always looking for the tax. They make new laws and regulations. For example they make a law to cut down the plastic carrier bags because of the environmental pollution. Successful firms like Tesco are good for government as they create wealth and employee. Also they try to make sure their taxes are been paid as at when due. As a successful firm, it is required that offerings are been offered to both secondary and primary stakeholders as this will help the firm grow.

Devise a method which reviews the impact of the developed offering on the stakeholder

Tesco offer lots of promotions targeting the customers. Customers satisfaction is the most important fact to Tesco. After giving them these offers and vouchers they always look at their day to day sales. They take day to day sales and analyses is there any improvement of their sales because of the offers. Tesco also do customer interviews and questionnaires regarding these offers. From these methods Tesco find how offers and vouchers impact to the customers to develop stakeholders expectations. Tesco always look after their employees. They give promotions and training to their employees.

They always update the employees. After they give promotions and trainings to the employees they always observe them. Tesco observe how training and promotions help the satisfaction of customers and employees. For example they do mystery shopper to reviews how training has impact the emplyees to improve their skills. Every year they do surveyor with emplyees to review how training, promotions, increments and bonus has impact their satisfaction.

Good relationship with the local communities in which Tesco operate are essential to the sustainable growth of the business. Tesco engage with the community on route development and changes the local authority, relationship with local business, customer forums and consultation. They also work actively with local community groups and charities to enhance local community programme. Tesco use saviour, questionnaire and interviews to reviews the impact ot these events to the community.

Mitchell, Agle et al. 1997 proposed a classification of stakeholders based on power to influence, the legitimacy of each stakeholder’s relationship with the organisation, and the urgency of the stakeholder’s claim on the organisation . the results of this classification may assess the fundamental question of “ which groups are stakeholders deserving or requiring manager’s attention band which are not?” This is salience the degree to which managers give priority to competing stakeholder claims. (Mitchell, Agle et al, 2007: 854)

Conclusion

In my words all in this essay, what I have to say about stakeholder expectation, so I get Tesco as example. After my observation I conclude by saying customers are the most important stakeholder in any organisation.

We need their continuous contribution for the success of our organisation. Other important stakeholders are employees, management and suppliers. We always need encourage and motivate staffs to perform their responsibilities with their full potentials.